

PENSION BOARD MEETING

Wednesday, November 12, 2014
9:00 AM – Fourth Floor Conference Room

MEETING MINUTES

Members Present:

Bill Bruton
Anthony Coleman
Barry Echols
Philip Goldstein

Eric Lockhart
Tim Milligan
Freddy Morgan
Jess Zerbe

Absent:

Jake King

Ex-Officio Members:

Shannon Barrett – Secretary – “Acting” Director, HR
Sam Lady – Finance Director

Visitors / Guests

Scott Arnwine / Ian Janecek – GAVION
Jim Curtis - Finance
Jackie Deckman – Principal Financial Group
Libby Hammock – Human Resources

1. CALL TO ORDER / DECLARATION OF QUORUM

Chairperson Echols

Chairperson Echols declared a quorum and called the meeting to order at 9:02 am. He opened the meeting by confirming that Member Jake King would not be in attendance and asked that the Board move on to Item 2.

2. MINUTES FOR APPROVAL

Chairperson Echols

Chairperson Echols called for a motion and asked that the Board approve the past meeting minutes of August 13, 2014.

MOTION:**08.13.14 – Meeting Minutes**

- Member Milligan made the motion to approve the August 13, 2014 minutes as read.
- Second to the motion by Member Morgan.

Unanimous by the Board.

3. 3rd QUARTER 2014 INVESTMENT PERFORMANCE

Ian Janecek/Scott Arnwine - GAVION

Pension Board Members were all provided with copies of the handout entitled “Investment Performance Analysis” for the Period Ended September 30, 2014.

Ian began his presentation referring the Board to **page 6** reference to the Peer Group Comparison of the Total Fund. He stated that the Composite Benchmarks had done well vs. the peer group. He pointed out that the performance numbers in the 3rd Qtr. in international were down 5% across the board and emerging markets did appreciate.

3. 3rd QUARTER 2014 INVESTMENT PERFORMANCE – CONTINUED

PERFORMANCE SUMMARY				
	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)
Total Fund	93,763,381	100%	-1.4	3.4
Total Equity	55,693,557	59.4	-2.4	3.1
Total Domestic Equity	55,693,557	59.4	-2.4	3.1
Total Fixed Income	27,367,669	29.2	0.0	2.5
Total Alternative	10,699,414	11.4	1.5	9.6
Total Cash	2,741	0.0	0.0	0.1

He continued moving on to **page 4 – Performance Summary**. He commented that merging markets have concerns reference to China. The market is down 4% and relative performance from active managers is a problem for all (active vs. passive). Utilities are up 13.9% but sold off at 4% - resulting in a worst performance. SLP is up 8.3%. He referred the Board to **page 15 – Eagle Capital Management**. Ex-Officio Sam Lady commented that the numbers are up and Ian responded that they are up 1.2% as of 10.31.14 with an YTD number of 4.7%, and Eagle has out-performed every year. Ian emphasized that this has been a very difficult year. Member Milligan added that the risk is less in reference to the performance.

On a positive note Ian pointed out that things are bouncing back and they are seeing selling off in the markets. He directed the Board to **page 2 – the Asset Allocation vs. Target as of September 30, 2014** – Equity is at 59.4%; Fixed Income at 29.2%; Alternate Assets at 11.4% for totals of 100% and total of \$93,763,381.

Ian then turned the presentation over to **Scott Arnwine** for Manager Performance updates. Scott referenced **page 4** – he commented that due to factors of international fears vs. US positive jobs; China, ISIS, etc.; all have impacted the market performance. S&P was down in July & September but up in August. Small cap Advisory was down. Eagle was up 1.6 vs. 1.1 & underwt in energy. Advisory was down 8.0 due to factors of Health Care; Osh/Kosh Vehicles (defense vehicles) is their number 1 provider. Advisory met expectations but were down 20% for the quarter.

Westfield - is positive but overwt. due to energy. Technology has impacted their performance and Polaris is up significantly – off the road up 13%. Indian is a new brand for Westfield and is up 107% for the quarter with energy being down. Fixed is flat but positive. Convertibles are doing well.

Victory – is also doing well.

Ex-Officio Lady commented on the issue with energy – should we continue to look at it? Ian responded that yes, there is not a lot of energy in the portfolio but now is not the time to sell but to continue to look at it going forward. Ex-Officio Lady commented that we should keep an eye on it. Chairperson Echols commented that the Ebola / Isis crisis has appeared to have calmed down and the S&P is setting all-time records – is there anything that will change it?

Ian responded that yes - the China economy and inflation in Europe. He also commented that the consumer drives the economy. He stated that no international exposure is good for funds at this time. He feels that Domestic Equity Large funds are the best for the market at this time and feels that the markets will continue to be positive.

Ian thanked the board for their time and concluded the GAVION presentation at 9:46 am.

4. 2nd QUARTER PERFORMANCE

Jackie Deckman - PRINCIPAL

Member Zerba

Lft. 9:46 am / Rtn. 9:50 am

Jackie began her presentation by stating that there was good attendance at the Open Enrollment and it very good and productive for her. She was able to field concerns about the 3rd quarter and could show employees their YTD numbers which addressed their concerns.

She then addressed the Board with what she called a "housekeeping" item reference to the City Investment Policy Statement, as it pre-dates her involvement, she is concerned as the City does track changes with changes, and this is a living document and not a bad practice but has not been updated in the last 3-4 years. She has high-lighted proposed changes in yellow for the Board to review – see pages 7 & 10 for only minor changes.

Jackie then moved on to LifeTime Portfolios. She stated that Bill Gross, founder, PIMCO is now at JANIS. Principal has been meeting reference to PIMCO and felt that it would get worse so they have removed PIMCO from the LifeTime portfolio and invested in the Barclays Index. She will address any concerns.

Member Milligan asked how much money is in the PIMCO funds? Jackie replied that she would have to look into LifeTime portfolio to address this question. Jackie stated that they would go into 20/30 or 20/20 with minimal exposure and in the 3rd Quarter the LifeTime Portfolios did well. She commented that there should be no concerns.

Member Coleman

Lft. 9:55 am / Rtn. 10:03 am)

Jackie then directed the Board to Pg. 31 of her handout – Investment Performance. She stated that the 1st and 2nd Quarters were Ok but the 3rd Quarter was disappointing. She hopes that we will see improvement in the 4th Quarter. Funds that have worked best are the Large, Passive & Diverse funds. Diversified funds have held up well with the best being the Large Cap Index with 8% YTD being the best performing but added that interest rates are not going up and treasury yields are down. 3 & 5 year numbers are looking very good.

Page 32 – Fidelity Mid Blend is doing well – with a 4.60 YTD performance. Harbor International is at -3.14 YTD – but not showing cause for concerns.

Small Cap – JP Morgan – is down 5-1/2 for the year and are very diverse in stocks.

Harbor International – showing volatility – is showing signs of improvement but could be impacted by demographics. Jackie stated that Harbor has a good track record and is a good quality fund. She emphasized that she has no concerns on any of the funds at this time.

Pages 33 – 57 - LifeTime Funds remain extremely conservation.

Page 35 – Bond Performance – **Dodge & Cox** – has done very well and may actually take over the PIMCO stocks. Bonds are backing off the risk level and doing very well.

At this time Member Goldstein asked, as he needed to leave the meeting, that the Pension Board review the changes to the City Investment Policy provided by Jackie Deckman at the beginning of her presentation. He asked that clarification be made as to whether the Pension Board could approve the changes or if it should go to City Council. Member Milligan replied that he would do the review and bring it back at the next Pension Board Meeting.

Goldstein left at 10:23 am.

4. 2nd QUARTER PERFORMANCE
(CONTINUED)

Jackie Deckman - PRINCIPAL

Jackie continued stating that the MFS fund is very popular and the assets have doubled and also it has no utilities. JP Morgan is up with very little turnover. T. Rowe Price had a good quarter also with low turnover.

She closed by stating that there are no concerns or changes to be made as the numbers are very strong at this time. She thanked the Board for their time and left the meeting at 10:27 am.

5. RETIREMENT APPLICATIONS

SHANNON BARRETT

Chairperson Echols and the Board Members took this opportunity to express their appreciation to Ex-Officio Secretary Shannon Barrett for her service and contributions to the Pension Board. She leaves the City on November 14, and the Board wished her much success in her new endeavors.

She then presented the following retirements for information and approval:

1. Dilworth, Daniel J. – Consolidated Plan, Unreduced Early retirement. Single Life Benefit. Effective 09-01-2014. Monthly Benefit \$2,411.83.
Employed 06-06-1988 to 08-31-2014, 26 years 2 months. Police Officer.
2. Mason, William R. – Consolidated Plan, Early Terminated Vested retirement. Single Life Benefit. Effective 09-01-2014. Monthly Benefit \$162.09.
Employed 05-01-1990 to 08-04-1995, 5 years 3 months. Police Officer.
3. Stover, Dennis E. – Consolidated Plan, Normal retirement. Single Life Benefit. Effective 09-01-2014. Monthly Benefit \$1,401.64.
Employed 01-30-2003 to 08-31-2014, 11 years 7 months. Risk Manager.
4. Teslicka, Thomas G. – Consolidated Plan, Early retirement. 75% Joint and Survivor Pop-up Benefit. Effective 10-01-2014. Monthly Benefit \$704.69.
Employed 10-23-2006 to 09-30-2014, 7 years 11 months.
Superintendent – Building & Grounds.
5. Bryan, Patsy K. – Consolidated Plan, Unreduced Early retirement. Single Life Benefit. Effective 11-01-2014. Monthly Benefit \$2,385.77.
Employed 02-27-1989 to 10-31-2014, 25 years, 8 months.
Planning & Zoning Coordinator.

MOTION:

APPROVAL OF RETIREMENT APPLICATIONS

Member Zerbe made the motion to approve the applications as read - 1. - 5.
Second to the motion by Member Milligan.

Unanimous by the Board.

Member Morgan lft. 10:25 am
Rtn'd 10:30 am

6. NEW BUSINESS

Next Pension Board Meeting is to be held Wednesday, February 11, 2015 at 9:00 am
4th Floor Conference Room.

Member Milligan brought up a question relating to the 4022 Plan in reference to beneficiary benefits, should the city employee pass away before the spouse. At one time there were two levels, Level 1 and Level 2 – but in 1986 everyone was made a Level 2.

Member Bruton asked that clarification of this issue, reference to the language, be directed to the Benefit Attorney. Secretary Barrett agreed to email Patti Keesler and copy Member Milligan so that he can work directly with her.

Member Morgan asked why there is no cost of living increases for retirees? Member Milligan replied that he would look into this and provide a response.

Chairperson Echols confirmed to the Board that the recent City employees sentenced to prison for fraudulent activity within the City of Marietta, are not entitled to receive a Pension from the City. Copies of the denial letters have been placed in their personnel files.

7. ADJOURN

Chairperson Echols called a motion to adjourn.

**MOTION:
ADJOURN**

Member Morgan made the motion to adjourn at 10:42 am.
Second to the motion by Member Lockhart.

Unanimous by the Board


PENSION BOARD MEETING

**Wednesday, November 12, 2014
9:00 AM – Fourth Floor Conference Room**

APPROVED THIS 11th DAY OF 02, 2015


Barry Echols, Chairperson, Pension Board

ATTEST:


Elizabeth Hammock, Admin. Assistant II – Human Resources